

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2014**Sixth Semester****Core Course 17—ACCOUNTING FOR MANAGERIAL DECISIONS**

(Common for B.Com., Model I, B.Com. (Vocational Model II) and Model III
B.Com. Degree Programmes)

Time : Three Hours

Maximum Weight : 25

Answers may be written either in English or in Malayalam.

Section A

This section consists of four bunches of four questions each.

Answer all questions.

Each bunch carries a weight of 1.

I. Choose the correct answer from choices given :

1. Internal analysis of Financial Statements is done by the :
 - (a) Bankers.
 - (b) Customers.
 - (c) Management.
 - (d) Shareholders.
2. Liquid liabilities exclude :
 - (a) Bills payable.
 - (b) Bank overdraft.
 - (c) Sundry creditors.
 - (d) Accrued expenses.
3. Sale of fixed assets causes cash out flow from :
 - (a) Operating activities.
 - (b) Investing activities.
 - (c) Financing activities.
 - (d) None of these.
4. Credit purchase of goods :
 - (a) Increases funds from operation.
 - (b) Decreases funds from operation.
 - (c) No effect on fund from operations.
 - (d) All of these.

II. Fill in the blanks :

5. Vertical analysis is also called _____.
6. Working capital is the excess of current assets over current liabilities _____.
7. A decrease in the current assets between two balance sheet dates indicates _____.
8. Acid Test Ratio is also known as _____.

Turn over

III. State whether the following statements are True or False :

9. Debt-Equity Ratio measures the short-term financial position of the business.
10. Responsibility Accounting is used as a control device.
11. Cash Flow Statement is a technique of financial forecasting.
12. Difference between sources and applications of Fund may increase or decrease in the working capital.

IV. Match the following :

- | A | B |
|----------------------------------|---------------------------------|
| 13. Purchase of machinery | (a) Long term solvency. |
| 14. Amortization of patent right | (b) Mixed ratio. |
| 15. Quick Ratio | (c) Profitability ratio. |
| 16. Return on Capital Employed | (d) Out flow of fund. |
| | (e) Has no effect on Cash flow. |
| | (f) Balance Sheet Ratio. |

(4 × 1 = 4)

Section B

Answer any five questions.

Each question carries 1 weight.

17. What is Financial Statement Analysis ?
18. What is trend analysis ?
19. Name any two non-operating expenses.
20. What is Net-worth ?
21. What is meant by Financing Activities ?
22. What is Fund from Operation ?
23. What is Responsibility Centre ?
24. What is Feedback Report ?

(5 × 1 = 5)

Section C

*Answer any four questions.
Each question carries 2 weight.*

25. What is Common-size Financial Statement ? What are its advantages ?
26. Discuss the significance of Ratio Analysis in accounting.
27. "Responsibility Accounting is an important device of control". Discuss.
28. What do you mean by Working Capital ? What are its needs and importance ?
29. A trader purchase goods on Cash and Credit terms. The following particulars are obtained from the books :

	Rs.
Total Purchases	... 2,00,000
Cash Purchases	... 20,000
Purchase Returns	... 34,000
Creditors at close	... 40,000
Bills payable at close	... 70,000
Reserve for Discount on creditors	... 5,000

Calculate Average Payment period.

30. Prepare a comparative common size statement and comment.

		2011	2012
		Rs.	Rs.
Sales	...	8,00,000	10,00,000
Cost of sales	...	5,60,000	6,00,000
Expenses	...	80,000	1,00,000
Other Income	...	20,000	20,000

(4 × 2 = 8)

Section D

*Answer any two questions.
Each question carries 4 weight.*

31. From the following information, find out (a) Sales ; (b) Closing Stock ; and (c) Sundry Debtors and Sundry Creditors.

Turn over

Gross Profit Ratio	:	25%
Debtor's Turn over Ratio	:	4 months
Stock Turn over Ratio	:	4 times
Creditors Turn over Ratio	:	6 months.

Closing Stock is Rs. 10,000 more than the Opening Stock. Bills Receivable amounts to Rs. 65,000 and Bills Payable to Rs. 80,000. Cost of Goods sold for the year is Rs. 9,00,000.

32. From the following information, Prepare Cash Flow Statement for the year that ended on 31st March 2012.

Balance Sheet as on :

<i>Liabilities</i>		31 st March	31 st March	<i>Assets</i>		31 st March	31 st March
		2011	2012			2011	2012
		(Rs.)	(Rs.)			(Rs.)	(Rs.)
Share Capital	..	2,00,000	3,00,000	Land and Building	..	1,20,000	1,70,000
Profit and Loss a/c	..	40,000	90,000	Machinery	..	1,60,000	2,40,000
Bank loan	..	1,00,000	60,000	Stock	..	60,000	40,000
Creditors	..	50,000	75,000	Debtors	..	50,000	50,000
Bills Payable	..	40,000	25,000	Cash	..	40,000	50,000
		<u>4,30,000</u>	<u>5,50,000</u>			<u>4,30,000</u>	<u>5,50,000</u>

Additional information :

- (a) Net profit for the year 2011-12 amounted to Rs. 50,000.
- (b) During the year 2011-12, a machine costing Rs. 50,000 (accumulated depreciation Rs. 20,000) was sold for Rs. 25,000. The provision for depreciation against Machinery as on 31st March 2011 was Rs. 30,000 and on 31st March 2012 was Rs. 70,000.
33. From the following information, prepare a summarized Balance Sheet as on 31st Dec. 2012.

Stock Velocity	—	6
Fixed Assets Turnover Ratio	—	4
Capital Turnover Ratio	—	2
Gross Profit Ratio	—	20%
Debt Collection period	—	73 days
Gross Profit	—	Rs. 60,000

Closing Stock was Rs. 5,000 in excess of Opening Stock.

(2 × 4 = 8)

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(Pages : 3)

Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2014

Sixth Semester

Complementary Course II—PRINCIPLES OF BUSINESS DECISIONS

(For Model-I B.Com)

Time : Three Hours

Maximum Weight : 25

Answers may be written either in English or in Malayalam.

Section A

This Section Consists of four bunches of four questions each.

Each bunch carries a weight of 1.

Answer all questions.

I. Choose the correct answer from the choice given below :

1 Macro economics is the study of :

- | | |
|-----------------------------|--------------------|
| (a) A firm. | (b) An individual. |
| (c) The economy as a whole. | (d) None of these. |

2 An increase in demand can result from :

- (a) A decline in market price.
- (b) An increase in income.
- (c) An increase in the price of complements.
- (d) All of the above.

3 Climatic theory of Trade Cycles was developed by :

- | | |
|-----------------|------------------------|
| (a) A.C. Pigou. | (b) Jevons. |
| (c) Hobson. | (d) Joseph Schumpeter. |

4 The Law of production in the short run is known as :

- (a) Law of returns to scale.
- (b) Law of increasing returns to scale.
- (c) Law of constant returns to scale.
- (d) None of these.

Turn over

II. Fill up the blanks :

5 _____ is the functional relationship between input and output.

6 The equilibrium of a firm occurs when _____.

(a) $P = MC$.

(b) $MC = MR$.

(c) $P = MR$.

(d) $AC = MC$.

7 According to J.A. Hobson the main cause of trade cycle is _____.

8 The demand for the products of a particular firm is _____.

III. State whether the following statements are true or false.

9 Cost plus pricing is useful only for single product firms.

10 Inflation is defined as a high price level.

11 The optimum input combination is found out with the help of Demand and Supply curve.

12 Marginal cost is the addition to the total cost due to the production of an additional unit of Product.

IV. Match the following :—

A

B

13 Macro Economics

(a) Central Government.

14 Fiscal Policies

(b) Wrong combination of input.

15 Law of variable proportions

(c) Central Bank.

16 Promotional elasticity

(d) Demand forecasting.

(e) National income.

(f) Advertisement

(4 × 1 = 4)

Section B

*Answer any five questions.
Each question carries 1 weight.*

17 Define marginal cost.

18 What is advertisement elasticity ?

19 Calculate the price elasticity of demand if

$Q_1 = 2000$ units $Q_2 = 3000$ units

$P_1 = \text{Rs. } 18.$ $P_2 = \text{Rs. } 16.$

- 20 Define Delphi method.
- 21 Define the concept of Isocost curve.
- 22 Define inputed costs.
- 23 Explain price leadership.
- 24 What is meant by business 'boom' ?

(5 × 1 = 5)

Section C

*Answer any four questions.
Each question carries a weight of 1.
Answer should not exceed half a page.*

- 25 Explain the law of returns to scale.
- 26 Briefly explain Hick's theory of business cycle.
- 27 What are the advantages of cost-plus pricing ?
- 28 Explain the features of monopolistic competition.
- 29 What is price discrimination ?
- 30 The short run cost-output relationship is the relationship between output and variable costs. Discuss.

(4 × 2 = 8)

Section D

*Answer any two questions.
Each question carries a weight of 4.
Answer should not exceed four pages.*

- 31 What is decision making ? Discuss the various elements of decision making.
- 32 What are the determinants of market demand for commodity ? How do the changes in the following factors affect the demand for a commodity ?
 - (a) Price.
 - (b) Income.
 - (c) Advertisement and.
 - (d) Population.
- 33 Describe briefly the main functions of monetary and fiscal policies. Which of the two policies is more effective in controlling trade cycles in a developing economy ?

(2 × 4 = 8)

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2014**Sixth Semester****DATABASE MANAGEMENT SYSTEM FOR BUSINESS**

(For the Optional Stream Computer Application of Model I and Model II B.Com. and
UGC Sponsored B.Com. Computer Application)

Time : Three Hours

Maximum Weight : 25

Section A*Answer all questions.**This section consists of four bunches of four questions each.**Each bunch carries a weight of 1.***I. Choose the correct answer from the choices given :**

1. Two tables can be linked with relationship so that the data integrity can be enforced. Where can you find Relationship command ?
 - (a) File menu.
 - (b) View menu.
 - (c) Database menu.
 - (d) Tools menu.
2. The default and maximum size of Text field in Access are :
 - (a) 50 and 255 characters.
 - (b) 266 and 64000 characters.
 - (c) 255 and 50 characters.
 - (d) 8 and 1GB.
3. Which of the following is not a database object ?
 - (a) Tables.
 - (b) Queries.
 - (c) Pictures.
 - (d) Forms.
4. Any report, including a basic report can be modified in :
 - (a) Form view.
 - (b) Layout view.
 - (c) Print Preview.
 - (d) Report view.

II. Fill in the blanks :

5. Arranging records in a data table on the basis of a given criteria is called _____.
6. The collection of related records in a database is known as _____.
7. _____ refers to the logical structure of the data and the relationships among them.
8. An attribute that is used to identify an entity uniquely is referred as _____.

Turn over

III. State whether the following statements are True or False :

9. In primary key field, you can enter duplicate value.
10. MS Access saves the files/database with .dbf extension.
11. Data in a table can be entered both in Design view and Datasheet view.
12. When you save a query, you are not saving the result of the query, but the query design.

IV. Match the following :

- | | |
|----------------|--------------|
| 13. Attributes | (a) Table. |
| 14. Rows | (b) Text. |
| 15. Relation | (c) Columns. |
| 16. Data Type | (d) Objects. |
| | (e) Records. |

(4 × 1 = 4)

Section B

Answer any five questions.

Each question carries a weight of 1.

17. What is a public key ?
18. Define relational data model.
19. How can we save a table in MS Access 2007 ?
20. How queries are created in MS Access ?
21. What is the use of Format Property in MS Access ?
22. Differentiate between a form and a report.
23. What is the role of a DBA ?
24. Differentiate between Datasheet view and Design view of a table.

(5 × 1 = 5)

Section C

Answer any four questions.

Each question carries a weight of 2.

25. What is RDBMS ? Explain its features.
26. Explain the procedure of sorting in MS Access.

27. Write a short note on Data Independence.
28. Explain the datatypes in MS Access.
29. Explain different ways of creating tables in a database.
30. How reports can be created using a report wizard ?

(4 × 2 = 8)

Section D

Answer any two questions.

Each question carries a weight of 4.

31. Define relationships in RDBMS. Explain in detail different types of relationships.
32. What are the use of queries in MS Access ? Explain different types of queries in Access.
33. Explain the procedure for creating the following controls in forms :
 - (a) Option Group.
 - (b) Toggle Button.
 - (c) Rectangle.
 - (d) Check Box.

(2 × 4 = 8)

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2014**Sixth Semester****Core Course 16—PRACTICAL AUDITING**

(Common for Model I B.Com., Model II B.Com. and UGC Sponsored B.Com. Degree Programmes)

Time : Three Hours

Maximum Weight : 25

Answers may be written either in English or in Malayalam.

Section A

*This Section consists of four bunches of four questions each.
Each bunch carries a weight of 1.*

I. Choose the correct answer from the choices given :

1 Audit conducted by the employees of the organisation is called :

- (a) Interim audit. (b) Internal audit.
(c) Statutory audit. (d) Final audit.

2 The work done by one person is automatically checked by another person is :

- (a) Internal control. (b) Varification.
(c) Internal cheek. (d) Valuation.

3 The first auditors of a newly started company are appointed by :

- (a) Board of Directors. (b) Government.
(c) Shareholders. (d) Chairman.

4 Teaming and lading is a method of misappropriation of :

- (a) Goods. (b) Accounts.
(c) Cash. (d) None of these.

II. Fill in the blanks :

- 5 Critical examination and verification of specific records is known as _____.
6 _____ audit helps to improve quality of management.
7 Audit of financial accounts for satisfying the income tax authorities is called _____.
8 Liability of an auditor to pay damages is known as _____.

Turn over

III. State whether the following statements are True or False :

- 9 Interim audit is an audit conducted in between two annual audits.
- 10 Valuation is a part of verification.
- 11 A documentary evidence in support of a transaction is known as certificate.
- 12 Management audit may cover more than one financial year.

IV. Match the following :

- | | |
|-------------------------|--------------------------------|
| 13 Investigation | (a) Preliminary expenses. |
| 14 Status of an auditor | (b) Voluntary. |
| 15 Fictitious asset | (c) Invoice. |
| 16 Internal check | (d) Agent of the shareholders. |
| | (e) Comparison. |
| | (f) Internal control. |

(4 × 1 = 4)

Section B

Answer any five questions.

Each bunch carries a weight of 1.

- 17 What are contingent liabilities ?
- 18 Define Valuation.
- 19 What is meant by "Internal audit" ?
- 20 What is meant by Audit manual ?
- 21 What is continuous audit ?
- 22 What is "clean report" ?
- 23 What is auditor's lieu ?
- 24 Define Social audit.

(5 × 1 = 5)

Section C

Answer any four questions.

Each bunch carries a weight of 2.

- 25 Differentiate cost audit and financial audit.
- 26 Write a short note on audit assurance standards.
- 27 What are the differences between Auditing and investigation ?
- 28 Discuss the liabilities of an auditor under the Companies Act, 1956.

- 29 What is a Statutory report ? What are its contents ?
30 "An auditor is not a valuer". Discuss.

(4 × 2 = 8)

Section D

Answer any two questions.

Each bunch carries a weight of 4.

- 31 What is Vouching ? How would you vouch the cash book ?
32 What are the qualities needed for an auditor ?
33 Write a short note on :
(a) EDP environment.
(b) Audit programme.
(c) Bonus shares.
(d) Performance audit.

(2 × 4 = 8)

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2014**Sixth Semester****Core Course 15—APPLIED COST ACCOUNTING**

(Common for Model-I B.Com. Model-II B.Com. and UGC sponsored B.Com. Programmes)

Time : Three Hours

Maximum Weight : 25

Answers may be written either in English or in Malayalam.

Section A

This section consists of four bunches of four questions each.

Each bunch carries a weight of 1.

Answer all questions.

I. Choose the correct answer from the choices given :

1. Manufacturers of components of television adopt :

- (a) Job costing.
- (b) Batch costing.
- (c) Contract costing.
- (d) Output costing.

2. Loss arising to incomplete contract is :

- (a) Transferred to P & L Account.
- (b) Debited to work-in-progress.
- (c) Transferred to contractee's account.
- (d) Not dealt in cost accounts.

3. Which one of the following is not a feature of process costing ?

- (a) Equivalent production.
- (b) Classification of costs into fixed and variable.
- (c) Duration of work in long.
- (d) Emergence of more than one product.

4. Under marginal-costing technique, the prices are based on :

- (a) Fixed costs.
- (b) Variable costs.
- (c) Variable costs and contribution.
- (d) Fixed costs and contribution.

Turn over

II. Fill in the blanks :

5. _____ is a comprehensive plan of action for a specific period of time.
6. Marginal costing is known as _____.
7. Where no cost estimate is possible _____ contracts are suitable.
8. In job costing each order is of comparatively _____ duration.

III. State whether the following statements are True or False :

9. A contractor is compensated for the increase in costs by esd. clause.
10. Under marginal costing, fixed factory overhead is included in the inventory.
11. A budget is a tool for planning and control.
12. Abnormal loss that arises in process accounts is treated as product cost.

IV. Match the following A with B :

A	B
13. Contract costing	(a) Fixed cost.
14. Budget	(b) Variable cost.
15. Period cost	(c) Short-term planning.
16. Marginal cost	(d) Bakery.
	(e) Long-term planning.
	(f) Construction.

(4 × 1 = 4)

Section B

*Answer any five questions.**Each question carries 1 weight.*

17. What do you mean by "Key factor" ?
18. Define break-even-point.
19. What is a "Job Card" ?
20. Explain the term "Work Certified".
21. What is "Retention money" ?
22. How would you treat normal loss in process costing ?
23. Distinguish between Joint-products and by-products.
24. What is a budget manual ?

(5 × 1 = 5)

Section C

*Answer any **four** questions.*

Each question carries a weight of 2.

25. What is a Cash budget ? What are its advantages ?
26. Write a short note on CVP analysis.
27. Define Job Costing. Indicate the industries suitable for job costing.
28. How will you treat abnormal loss and abnormal gain in process costing ?
29. 2,000 units of raw material were introduced in a process at a cost of Rs. 8,000. 10% of wastage is allowed and each unit of wastage realise Rs. 2.50. The actual production was 1,700 units. The expenses being as follows : Direct wages Rs. 13,000, Indirect expenses Rs. 6,500. You are required to prepare the process account to bring out the effect on wastage.
30. The following particulars are taken from the books a factory working at 60% of its capacity.

	Rs.
Variable expenses ..	3,00,000
Semi-variable expenses .. (50% fixed)	1,25,000
Fixed expenses ..	2,50,000

Prepare a budget for 75% of its capacity.

(4 × 2 = 8)

Section D

*Answer any **two** questions.*

Each question carries a weight of 4.

31. A factory manufacturing calculators had the capacity to produce 10,000 calculators per annum. The marginal cost of each calculator is Rs. 100 and each calculator is sold for Rs. 150. Fixed overheads are Rs. 20,000 per annum. Calculate the BEPs for output and sales and determine the profit of output as 80% capacity.

Turn over

32. M/S Verma building contractors began to trade on 1 January 2012. The following was the expenditure on contract for Rs. 9,00,000.

	Rs.
Materials issued from stores ...	2,25,000
Materials purchased ...	60,000
Plant installed at cost ...	1,05,000
Wages paid ...	3,60,000
Direct expenses paid ...	33,000
Establishment expenses ...	30,000
Wages accrued on 31 st Dec. 2012 ...	7,500

Of the plant and materials changed to the contract, the plant which cost Rs. 7,500 and materials costing Rs. 6,000 were lost. Some parts of the materials costing Rs. 3,750 were sold at a profit of Rs. 750. On 31st December 2012, the plant which cost Rs. 5,250 was returned to stores.

The Work certified was Rs. 7,20,000 and 80% of the same was received in cash. The cost of work done but uncertified was Rs. 4,500. Change depreciation on plant was 10% p.a.

You are required to prepare the Contract Account for the year ended 31st December 2012.

33. A Laptop manufacturing Company finds that it costs to the make one components, the same is available in the market at Rs. 50 each ; the breakdown of cost is as follows :

	Rs.	
Materials ...	20.00	each
Labour ...	17.50	each
Variable overheads ...	<u>7.50</u>	each
	45.00	
Fixed cost ...	15.00	each
	<u>60.00</u>	each

You are required to decide :

- Whether the company should make or buy.
- If another vendor from the outside would offer the component at Rs. 44.00 each.

(2 × 4 = 8)